

3/2-3/15

COMMISSIONERS
 SUSAN BITTER SMITH, Chairman
 BOB STUMP
 BOB BURNS
 DOUG LITTLE
 TOM FORESE

JODI JERICH
 EXECUTIVE DIRECTOR



0000160041

SECURITIES DIVISION
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ARIZONA CORPORATION COMMISSION

MEMORANDUM

ORIGINAL

TO: Susan Bitter Smith, Chairman
 Bob Stump
 Bob Burns
 Doug Little
 Tom Forese

Arizona Corporation Commission

DOCKETED

FEB 17 2015

FROM: Matthew J. Neubert
 Director of Securities

DOCKETED BY

DATE: February 3, 2015

RE: Patrick Moran and Kelly Moran, Docket # S-20823A-11-0407

CC: Jodi Jerich, Executive Director

AZ CORP COMMISSION
 DOCKET CONTROL

2015 FEB 17 A 9 57

RECEIVED

Attached for your consideration is a proposed Order to Cease and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Patrick Moran and Kelly Moran, husband and wife. Mrs. Moran was added solely to determine the liability of the marital community.

Mr. Moran has not been registered in Arizona as a securities salesman since November 2004. Mr. Moran sold unregistered securities related to a hedge fund that was later determined to be fraudulent due to the actions of Thomas L. Hampton. Thomas L. Hampton consented to a Commission order in Decision No. 74240, pled guilty to a criminal violation in case no. 13-CR-301-RWS, and was sentenced to thirty months of imprisonment. The proposed Order finds that Mr. Moran offered and sold unregistered securities to Arizona residents while he was unregistered as a securities salesman in violation of A.R.S §§ 44-1841 and 44-1842. The Order requires Mr. Moran to cease and desist, pay restitution in the amount of \$50,000, and an administrative penalty in the amount of \$5,000.

The Division recommends the proposed Order as appropriate, in the public interest and necessary for the protection of investors.

Originator: Phong (Paul) Huynh

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 SUSAN BITTER SMITH, Chairman
4 BOB STUMP
5 BOB BURNS
6 DOUG LITTLE
7 TOM FORESE

8 In the matter of)

9 THOMAS LAURENCE HAMPTON,)
10 CRD#2470192, and STEPHANIE YAGER,)
11 husband and wife,)

12 TIMOTHY D. MORAN, CRD#2326078,)
13 and PATRICIA MORAN, husband and)
14 wife,)

15 PATRICK MORAN, CRD#1496354, and)
16 KELLY MORAN, husband and wife,)

17 HAMPTON CAPITAL MARKETS, LLC,)
18 an Arizona limited liability company,)

19 Respondents.)
20)
21)
22)
23)
24)
25)
26)

DOCKET NO. S-20823A-11-0407

DECISION NO. _____

**ORDER TO CEASE AND DESIST, ORDER
FOR RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME**

**BY: PATRICK MORAN AND KELLY
MORAN**

Patrick Moran and Kelly Moran, husband and wife, elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order"). Patrick Moran and Kelly Moran admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. At all relevant times, Respondent PATRICK MORAN ("PAT" or "Respondent") has been an Arizona resident. PAT (CRD# 1496354) has not been registered in Arizona as a securities salesman since November 2004.

2. PAT has been a licensed insurance salesman since July 26, 2011, with the Arizona Department of Insurance, License # 996404.

3. At all relevant times KELLY MORAN has been an Arizona resident and the spouse of PAT.

4. KELLY MORAN may be referred to hereafter as "Respondent Spouse." Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of Respondent's and Respondent Spouse's marital community.

5. Prior to September 2010, PAT met Thomas L. Hampton ("Hampton") who was the managing member of Hampton Capital Markets, LLC ("HCM").

6. HCM maintained a place of business in Scottsdale, Arizona and had issued, offered, and/or sold the HCM hedge fund investments within or from Arizona. HCM was not registered with the Commission as a securities dealer.

7. Hampton was an Arizona resident who offered and sold fraudulent hedge fund investments through HCM. Hampton was not registered by the Commission as a securities salesman or dealer and the HCM hedge fund investments were not registered securities with the Commission.

8. Hampton represented to PAT and investors that: (a) HCM was a hedge fund managed by Hampton; and (b) that Hampton and/or HCM engaged in the business of buying and selling exchange traded funds ("ETF") using a trading strategy developed by Hampton that involved a low-latency index derivative arbitrage strategy based on the S&P 500® (the "Hedge Fund Investment").

5 11. The Subscription Agreement stated that HCM would issue and sell a minimum of
6 ten Hedge Fund Investments, for a “total minimum” investment offering of \$500,000.

7 12. Regarding HCM Hedge Fund Investment sales commissions, the Subscription
8 Agreement states that a "5% fee will be paid to introducing solicitor upon receipt of funds."

9 13. PAT sold the HCM Hedge Fund Investments to at least three Arizona residents, who
10 invested a total of at least \$260,000 with HCM. Of the amount PAT sold, \$50,000 remains unpaid
11 to Arizona investors.

12 14. On October 1, 2013, a criminal case judgment was filed in case no. 13-CR-301-RWS.
13 Mr. Hampton plead guilty to one count of commodities fraud in violation of 7 U.S.C.A § 61(1).
14 Pursuant to the criminal judgment, Mr. Hampton was sentenced to thirty (30) months of
15 imprisonment; upon release from imprisonment, he shall be on supervised release for three (3)
16 years; was ordered to pay restitution in the amount of \$4,879,627.98 for disbursement to the
17 victims identified by the government; and agreed to forfeit to the United States, any and all
18 property, real and personal, that constitutes or is derived from proceeds traceable from his crime.

CONCLUSIONS OF LAW

22 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
23 Arizona Constitution and the Securities Act.

24 2. Respondent offered or sold securities within or from Arizona, within the meaning of
25 A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondent violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondent violated A.R.S. § 44-1842 by offering or selling securities while neither registered as a dealer or salesman nor exempt from registration.

5. Respondent's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

6. Respondent's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

7. Respondent's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

8. Respondent acted for the benefit of the marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this order of restitution and administrative penalties is a debt of the community.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondent's consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondent, and any of Respondent's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED that Respondent complies with the attached Consent to Entry of Order.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondent Patrick Moran ("PAT"), and the marital community of Respondent PAT and Kelly Moran, jointly and

1 severally shall pay restitution to the Commission in the principal amount of \$50,000 as a result of
2 the conduct set forth in the Findings of Fact and Conclusions of Law. Payment is due in full on the
3 date of this Order. Payment shall be made to the "State of Arizona" to be placed in an interest-
4 bearing account controlled by the Commission. Any principal amount outstanding shall accrue
5 interest at the rate of 8 percent per annum from the date of this Order until paid in full.

6 The Commission shall disburse the funds on a pro-rata basis to investors shown on the
7 records of the Commission. Any restitution funds that the Commission cannot disburse because an
8 investor refuses to accept such payment, or any restitution funds that cannot be disbursed to an
9 investor because the investor is deceased and the Commission cannot reasonably identify and
10 locate the deceased investor's spouse or natural children surviving at the time of the distribution,
11 shall be disbursed on a pro-rata basis to the remaining investors shown on the records of the
12 Commission. Any funds that the Commission determines it is unable to or cannot feasibly disburse
13 shall be transferred to the general fund of the state of Arizona.

14 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondent PAT Moran,
15 and the marital community of Pat Moran and Kelly Moran, jointly and severally shall pay an
16 administrative penalty in the amount of \$5,000 as a result of the conduct set forth in the Findings of
17 Fact and Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be
18 made to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 8
19 percent per annum from the date of this Order until paid in full.

20 IT IS FURTHER ORDERED that payments received by the state of Arizona shall first be
21 applied to the restitution obligation. Upon payment in full of the restitution obligation, payments
22 shall be applied to the penalty obligation.

23 For purposes of this Order, a bankruptcy filing by Respondent shall be an act of default. If
24 Respondent does not comply with this Order, any outstanding balance may be deemed in default
25 and shall be immediately due and payable.
26

IT IS FURTHER ORDERED, that if Respondent fails to comply with this order, the Commission may bring further legal proceedings against Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED, that no finding of fact or conclusion of law contained in this Order shall be deemed binding against any Respondent under this Docket Number who has not consented to the entry of this Order.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2015.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Shaylin A. Bernal, ADA Coordinator, voice phone number 602-542-3931, e-mail sabernal@azcc.gov.

CONSENT TO ENTRY OF ORDER

1
2 1. Patrick Moran ("Respondent") and Kelly Moran ("Respondent Spouse"), admit the
3 jurisdiction of the Commission over the subject matter of this proceeding. Respondent and
4 Respondent Spouse acknowledge that they have been fully advised of their right to a hearing to
5 present evidence and call witnesses and Respondent and Respondent Spouse knowingly and
6 voluntarily waive any and all right to a hearing before the Commission and all other rights
7 otherwise available under Article 11 of the Securities Act. Respondent and Respondent Spouse
8 acknowledge that this Order to Cease and Desist, Order for Restitution, Order for Administrative
9 Penalties, and Consent to Same ("Order") constitutes a valid final order of the Commission.

10 2. Respondent and Respondent Spouse knowingly and voluntarily waive any right
11 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
12 extraordinary relief resulting from the entry of this Order.

13 3. Respondent and Respondent Spouse acknowledge and agree that this Order is
14 entered into freely and voluntarily and that no promise was made or coercion used to induce such
15 entry.

16 4. Respondent and Respondent Spouse acknowledge that they have been represented
17 by an attorney in this matter, Respondent and Respondent Spouse have reviewed this Order with
18 their attorney, Michael D. Curran of Maynard Cronin Erickson Curran & Reiter, PLC, and
19 understand all terms it contains. Respondent and Respondent Spouse acknowledge that their
20 attorney has apprised them of their right regarding any conflicts of interest arising from dual
21 representation. Respondent and Respondent Spouse acknowledge that they have each given their
22 informed consent to such representation.

23 5. Respondent and Respondent Spouse agree that they shall not contest the validity of
24 the Findings of Fact and Conclusions of Law contained in this Order in any present or future
25 proceeding in which the Commission is a party. The Respondent and Respondent Spouse further
26 agree that they shall not deny or contest the Findings of Fact and Conclusions of Law contained in

1 this Order in any present or future: (a) bankruptcy proceeding, or (b) non-criminal proceeding in
2 which the Commission is a party (collectively, "proceeding(s)"). They further agree that in any
3 such proceedings, the Findings of Fact and Conclusions of Law contained in this Order may be
4 taken as true and correct and that this Order shall collaterally estop them from re-litigating with the
5 Commission, in any forum, the accuracy of the Findings of Fact and Conclusions of Law contained
6 in this Order. In the event Respondent or Respondent Spouse pursues bankruptcy protection in the
7 future, the Respondent and Respondent Spouse further agree that in such bankruptcy proceeding,
8 pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

9 A. The obligations incurred as a result of this Order are a result of the conduct set forth
10 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of
11 Arizona state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

12 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
13 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
14 Respondent and Respondent Spouse pursuant to 11 U.S.C. § 523(a)(19)(B)(ii), and a court
15 order for damages, fine, penalty, citation, restitution payment, disgorgement payment,
16 attorney fee, cost or other payment owed by Respondent and Respondent Spouse pursuant
17 to 11 U.S.C. § 523(a)(19)(B)(iii).

18 6. By consenting to the entry of this Order, Respondent and Respondent Spouse agree
19 not to take any action or to make, or permit to be made, any public statement denying, directly or
20 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that
21 this Order is without factual basis.

22 7. While this Order settles this administrative matter between Respondent, Respondent
23 Spouse, and the Commission, Respondent and Respondent Spouse understand that this Order does
24 not preclude the Commission from instituting other administrative or civil proceedings based on
25 violations that are not addressed by this Order.
26

1 8. Respondent and Respondent Spouse understand that this Order does not preclude the
2 Commission from referring this matter to any governmental agency for administrative, civil, or
3 criminal proceedings that may be related to the matters addressed by this Order.

4 9. Respondent and Respondent Spouse understand that this Order does not preclude
5 any other agency or officer of the state of Arizona or its subdivisions from instituting
6 administrative, civil, or criminal proceedings that may be related to matters addressed by this
7 Order.

8 10. Respondent agrees that Respondent will not apply to the state of Arizona for
9 registration as a securities dealer or salesman or for licensure as an investment adviser or
10 investment adviser representative until such time as all restitution and penalties under this Order are
11 paid in full.

12 11. Respondent agrees that Respondent will not exercise any control over any entity that
13 offers or sells securities or provides investment advisory services within or from Arizona until such
14 time as all restitution and penalties under this Order are paid in full.

15 12. Respondent and Respondent Spouse agree that they will continue to cooperate with
16 the Securities Division including, but not limited to, providing complete and accurate testimony at
17 any hearing in this matter and cooperating with the state of Arizona in any related investigation or
18 any other matters arising from the activities described in this Order.


19 13. Respondent and Respondent Spouse acknowledge that any restitution or penalty
20 imposed by this Order are obligations of the Respondent as well as the marital community.

21 14. Respondent and Respondent Spouse consent to the entry of this Order and agree to
22 be fully bound by its terms and conditions.

23 15. Respondent and Respondent Spouse acknowledge and understand that if they fail to
24 comply with the provisions of the order and this consent, the Commission may bring further legal
25 proceedings against them, including application to the superior court for an order of contempt.
26

17. Respondent and Respondent Spouse agree and understand that if they fail to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent and Respondent Spouse agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.

17. Respondent and Respondent Spouse agree and understand that if they fail to make any payment as required in the Order, any outstanding balance shall be in default and shall be immediately due and payable without notice or demand. Respondent and Respondent Spouse agree and understand that acceptance of any partial or late payment by the Commission is not a waiver of default by the Commission.


(Respondent Patrick Moran)

Kelly Moran
(Respondent Spouse Kelly Moran)

STATE OF ARIZONA)
) ss
County of)

SUBSCRIBED AND SWORN TO BEFORE me this 23rd day of January, 2015,
by Patrick Moran.

NOTARY PUBLIC



SERVICE LIST FOR: THOMAS L. HAMPTON, ET. AL.

Thomas Hampton and Hampton Capital Markets, LLC
9026 E. Calle De Las Brisas
Scottsdale, AZ 85255

Stephanie Yager
9026 E. Calle De Las Brisas
Scottsdale, AZ 85255

Mr. Timothy Moran and Mrs. Patricia Moran
4545 E. Joshua Tree Lane
Scottsdale, AZ 85253

Michael D. Curran
3200 North Central Avenue
Suite 1800
Phoenix, Arizona 85012
Attorney for Patrick and Kelly Moran

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2
3 COMMISSIONERS

4 SUSAN BITTER SMITH, Chairman
5 BOB STUMP
6 BOB BURNS
DOUG LITTLE
TOM FORESE

7 In the matter of:)

DOCKET NO S-20823A-11-0407

8 THOMAS LAURENCE HAMPTON,)
9 CRD#2470192, and STEPHANIE YAGER,)
husband and wife,)

**NOTICE OF FILING OF PROPOSED
OPEN MEETING AGENDA ITEM**

10 TIMOTHY D. MORAN, CRD#2326078, and)
11 PATRICIA MORAN, husband and wife,)

12 PATRICK MORAN, CRD#1496354, and KELLY)
MORAN, husband and wife,)

13 HAMPTON CAPITAL MARKETS, LLC, an)
14 Arizona limited liability company,)

15 Respondent.)

16 Pursuant to A.A.C. R14-4-303, you are hereby notified that the attached: Order to Cease
17 and Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same by Patrick
18 Moran and Kelly Moran, husband and wife, was filed with the Arizona Corporation Commission's
19 Docket Control.

20
21 Dated: 2/17/15

By: 

22 I hereby certify that I have this day served the foregoing document on all parties of record
23 in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid to:

24 Thomas Hampton and Hampton Capital Markets, LLC
25 9026 E. Calle De Las Brisas
26 Scottsdale, AZ 85255

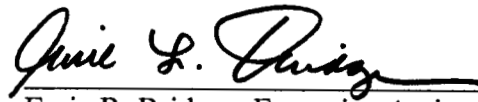
Decision No. _____

1 Stephanie Yager
2 9026 E. Calle De Las Brisas
3 Scottsdale, AZ 85255

3 Neal H. Bookspan
4 3200 North Central Avenue, 20th Floor
5 Phoenix Arizona 85012
6 Attorney for Timothy and Patricia Moran

6 Michael D. Curran
7 3200 North Central Avenue
8 Suite 1800
9 Phoenix, Arizona 85012
10 Attorney for Patrick and Kelly Moran

9 Dated: 2/17/15

By: 
Emie R. Bridges, Executive Assistant